

## **Philadelphia Story: LVT in 2001?** *by Josh Vincent*

It's easy to see why Georgists everywhere are looking hungrily toward Philadelphia. Unlike many urban US communities that have seen slow declines or even progress in the past half-century, Philadelphia's trajectory has been steeply down.

Designed in the early 1900s for five million people, Philadelphia's population peaked in 1950 at 2,071,000; since then it's been steady loss. The 2000 Census counted 1,517,000, a 4.3% loss since 1990. Those that are left are the rich, the poor and a struggling middle-class.

Georgists have no trouble explaining the fiasco. High taxation, notably the Wage Tax that is up to 4.5% higher than surrounding towns and counties, dealt the city staggering blows. The Wage Tax is a bit more than double the city real property tax. High taxation of labor is given as a prime reason why homeowners and builders routinely do their business elsewhere. The commercial sector reports the same because of a "double" real estate tax in the form of a Business Privilege Tax, as well as the usual insane buffet of other taxes. That makes Philly a "no go" zone for markets, while suburban sprawl thrives.

This understanding led the two Georgist organizations with the closest identification with urban problems to pull up stakes from the odd, decontextualized suburbia of Columbia, Maryland to the streets of Philadelphia in early 2001. The Henry George Foundation and the Center for the Study of Economics also helped "seed" the soil by responding to a request from an ally in the City Controller's office for a Georgist candidate who could act as a Deputy Controller and defend, in theory and in numbers the Georgists' message. That candidate, Switzerland's Bruno Moser, has been stellar in spreading the message through the bureaucratic maze of City Hall. City Controller Jonathan Sidel has been an energetic and forceful proponent of land value taxation, and will make it a major part of his tax reform package to make Philadelphia once again a rational place to live and do business.

Helping us has been a diverse but powerful group: the Greater Philadelphia Board of Realtors, led by their dynamic and chic government affairs director Diane Lucidi, Jimmy Tayoun, former Councilman, old friend of the Georgist movement, and mover and shaker to the stars, many council and mayoral staffers as well as LVT bill sponsors Blondell Reynolds-Brown and Frank DeCicco.

From the end of 2000, Georgists have been holding meetings with small groups trying to rally support for land tax in 2001. Alanna Hartzok has brought her message of empowerment to the homeless and working poor communities. Many graduates and associates of the Henry George School in Philly, including Ed Dodson, Richard Biddle, Uda Bartholomew

and Ken Ford have taken a proactive stance, getting groups and individuals to take an official concrete stand for land tax in Philadelphia.

What is the bottom line? This coalition's message is that LVT must be implemented with a first year collection of 50% revenue from land — right now, at least 75% of the revenue collected by Philadelphia's real property tax comes from buildings. The next year: 100% from land. Then, a reduction of the hated Wage Tax, to be rolled into the land value tax. We should also be heartened by the prospect that *this* building to land shift will be done in an environment of school, city and county taxes rolled into one taxing unit. The economic benefits will be huge. That's the plan. So far, it's been smooth sailing.

Of course, we all know that the other shoe has to drop. Who opposes land value tax? We know for sure that the owners of the petrochemical plants in southwest Philly hate the idea — they have tons (*continued on page 39*)

*This August Uda Bartholomew, a Philadelphia activist seeking to gather support for the LVT initiative there, wrote to Mumia Abu-Jamal asking for an endorsement. She received this reply:*

LLJA! 8/29/01

Dear Ms. Bartholomew,

Thank for your most recent letter.

Initially, I think it only fair to tell you that my endorsement of your/HGI's efforts in Phila. may prove counterproductive to your objectives. You should know this and act accordingly. This is not something that I take personally, but an observation. Assuming you find it helpful, I'll add the following.

...for the better part of a decade, I taught dozens of students (most from Africa) the basics of Georgist economics, drawn for the most part from his classic *Progress and Poverty*. I taught introductory and secondary courses... As George explains, most taxes are fundamentally unfair, yet the least objectionable is LVT. Taxes are problematic, as they are a burden on production, increasing its costs. George argues that his theory is in accord with the natural law.

After years of teaching students from across the US, from Nigeria, Zimbabwe, Saudi Arabia and beyond, I had to suspend my correspondence instruction so that I could continue my own studies.

Reasons for Supporting LVT: to lessen the burden of taxation is to unburden production, and by extension, to lessen the costs of products all the way down the line, to the consumer. Georgist economic theory is particularly opposed to land speculation, where land is held out for the profit it may bring in the future. This is a strategy for holding on to land that is unproductive, and as such, an underlying force in shaping urban ghettos.

Essentially, George argues that every system of taxation must meet the test of fundamental fairness. LVT amounts to a system that taxes the least, and thus, most approximates fairness....

I hope this is helpful to your project.

w/alla best  
M.A. Jamal